State Government Operations & Accountability Committee

HB 1525

Brief Description: Regulating campaign finances.

Sponsors: Representatives Miloscia, Dunshee, Haigh, McIntire and Moeller.

Brief Summary of Bill

- Provides for disclosure of electioneering communications;
- Prohibits state contractors from making campaign contributions;
- Extends contribution limits to all public offices;
- Prohibits candidates from accepting more than $1,000 in the aggregate from a political action committee in any election; and
- Prohibits corporations or labor organizations from using general treasury funds for contributions or expenditures to influence an election.

Hearing Date: 2/4/05

Staff: Marsha Reilly (786-7135).

Background:

The Fair Campaign Practices Act was enacted following passage of Initiative 134 in 1992. The initiative imposed campaign contribution limits on elections for state office, further regulated independent expenditures, restricted the use of public funds for political purposes, and required public officials to report gifts received in excess of $50. The act also prohibited the use of public funds to finance political campaigns. The stated purposes of the initiative were: (1) to give individuals and interest groups equal opportunities to influence elective and governmental processes; (2) to reduce the influence of large organizational contributors; and (3) to restore public trust in governmental institutions and the electoral process.

<u>Electioneering Communications and Political Advertising</u>

Issue advocacy does not oppose or support a candidate. It explains an issue which may be an issue in contention in a political campaign. These are not regulated or limited. However, when the issue ad exhorts the audience to the action of voting or not voting for a particular candidate, or attacks a candidate's character, it then becomes *express advocacy*. This causes the issue ad to revert to a political ad.

Political advertising that supports or opposes a candidate or ballot proposition and that qualifies as an independent expenditure with a fair market value of $1000 must be reported to the Public Disclosure Commission (PDC). The sponsor of the advertisement is required to report the following:

- The name and address of the sponsor and the person making the expenditure for the advertising;
- A description of the expenditure;
- The date the expenditure was made and the date the political advertising was first published;
- The amount of the expenditure; and
- The name of the candidate or ballot measure supported or opposed, and whether the expenditure supports or opposes the candidate or ballot measure.

In 2003, the United States Supreme Court in *Federal Election Commission v. McConnell* upheld most of the Bipartisan Campaign Reform Act of 2002 (BCRA), commonly known as the McCain-Feingold law. Specifically, *McConnell* upheld the BCRA electioneering communication provisions. The Court held that issue ads broadcast during the 30-day and 60-day periods preceding federal primary and general elections are the "functional equivalent" of express advocacy.

Contribution Limits

State law limits individual campaign contributions by an individual, a union or business, or a political action committee to a candidate for state legislative office to $675, and to a candidate for statewide office to $1,350. The limit applies for each election that the candidate appears on the ballot. Limits are also imposed on political parties, ranging from $0.34 to $0.68 per registered voter in the candidate's district. These dollar amounts are adjusted for inflation by the PDC every two years.

Summary of Bill:

Electioneering Communication and Political Advertising

The state may regulate any advertisement that is shown 60 days before the election and 30 days before the primary that is broadcast to a candidate's electorate and refers to a clearly identified candidate for office. The regulation of the electioneering communication is done by enforcing reporting requirements by all those who sponsor a communication with a value of $2000 or more that falls within the electioneering communication definition. The names, addresses, and amount spent on the advertisement must be reported, along with the name of the candidate supported. The reporting must be made at the point that the advertisement is contracted to be made or presented to the public.

Electioneering communication is defined as a broadcast, cable or satellite communication that:
- Refers to a clearly identified candidate;

- Is made within 60 days of a general, special or runoff election or 30 days before a primary, or preference election, or a convention or caucus with the authority to nominate a candidate; and
- Is targeted to the relevant electorate.

Electioneering communications do not include:
- A news story, commentary, or editorial of a broadcasting station unless the broadcasting station is owned or controlled by a political party, committee, or candidate;
- A communication relating to a candidate debate or forum made by the sponsor of the debate or forum; or
- Any other communication exempted under rules adopted by the PDC.

This same reporting program must be followed for mailings and print advertising. The print threshold for reporting is changed from $1000 to $500.

<u>Contribution Limits</u>

Contribution limits are extended to all candidates for public office. Candidates for state office may not accept from any person more than $1350 in the aggregate for each election. All other candidates for public office may not receive from any person more than $675 in the aggregate for each election.

Candidates for public office may not accept more than $1000 in the aggregate from political action committees for each election. Corporations and labor organizations are prohibited from using general treasury funds for the purpose of making contributions or expenditures to influence an election.

A state contractor is prohibited from making, directly or indirectly, any contribution or expenditure of money or other thing of value to any political party, committee, or candidate for statewide office or state legislative office or to any person for any political purpose or use. A state contractor is any person who enters into any contract with the state for personal services, furnishing material, supplies or equipment, or selling any land or buildings and receives payment for performance of the contract through funds appropriated by the legislature. This prohibition extends from the period of negotiations or when the request for proposals are sent out until completion of performance or termination of negotiations for the contract.

Appropriation: None.

Fiscal Note: Requested on February 3, 2005.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.